

**STANDARD GUIDELINES ON THE
IMPLEMENTATION OF ANTI-MONEY
LAUNDERING AND COUNTER-
TERRORISM FINANCING PROGRAM
FOR NON-BANK MONEY CHANGER**



**Directorate of Monetary Management
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FOREWORD

One of the obligations which must be complied with by Non-Bank Money Changer (*Pedagang Valuta Asing Bukan Bank/PVA BB*) by the issuance of Bank Indonesia Regulation Number 12/3/PBI/2010 dated March 1, 2010 concerning the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program for Non-Bank Money Changer is to prepare implementing guidelines on Anti-Money Laundering and Counter-Terrorism Financing Program. It is prepared in view of the increase of risks encountered by non-bank money changer which needs to be offset by improving the quality of implementation of anti-money laundering and counter-terrorism financing program with reference to international standards, namely the 40 + 9 Financial Action Task Force on Money Laundering (FATF) Recommendation as a measure to support the prevention of the criminal act of money laundering and terrorism financing, which thus requires guidelines in the context of its implementation.

Being aware of such necessities, Bank Indonesia has prepared the Guidelines on the Standard Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program of Non-Bank Money Changer (PVA BB) hereinafter referred to as the Standard Guidelines. With the existence of these Standard Guidelines, it is expected that Non-Bank Money Changer is able to prepare the Guidelines on the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program meeting the minimum requirements stipulated in

the regulation on the Implementation of Anti-Money Laundering and
Counter-Terrorism Financing Program.

Jakarta,

CHAPTER I

INTRODUCTION

Non-bank financial institutions, particularly Non-Bank Money Changer (PVA), are very vulnerable to potential use as a medium for money laundering and/or terrorism financing. For the perpetrators of money laundering and/or terrorism financing, one of the easy ways to keep or to transfer their proceeds of crime is by converting their proceeds of crime into foreign exchange. Non-Bank Money Changers are at high risk of serving as a means for converting and inserting assets constituting proceeds of crime or financing for terrorism activities into a financial system, which subsequently are used for the benefit of the perpetrators through the sale and purchase of foreign banknotes (*uang kertas asing/UKA*) and money transfers to certain countries. The perpetrators of money laundering can rewithdraw such assets as if they are legitimate assets, and the origin of which can no longer be traced. The perpetrators of terrorism financing can use such assets to finance terrorism activities.

A. Definitions, Stages, and Methods of Money Laundering

1. Money laundering, as its internationally-known term, is an act of placing, transferring, paying, spending, granting, contributing, depositing, taking to overseas, exchanging, or other acts on assets known or reasonably alleged as proceeds of crime with the purpose of hiding or concealing the origin of the assets thus appearing as legitimate assets.

2. Basically, the process of money laundering can be classified into 3 (three) stages of activities including :
 - a. **Placement**, is an effort to place cash originated from criminal acts into a financial system, or an effort to retransfer demand deposit money (cheque, Bank draft, certificate of deposit, etc.) to the financial system, particularly the banking system.
 - b. **Transfer (Layering)**, is an effort to transfer assets originated from criminal acts (dirty money) which have been successfully placed in financial service provider (particularly Banks) as an effort to place it to other financial service providers.
 - c. **Appropriation of assets (Integration)**, is an effort to use the assets originated from criminal acts which are successfully inserted into financial system through a placement or transfer thus appearing as legitimate assets (clean money), for conducting clean business activities or refinancing criminal activities.
3. Several methods of money laundering frequently applied by the perpetrators of money laundering are as follows:
 - a. **Smurfing**, namely an effort to avoid reporting by dividing transactions conducted by multiple perpetrators.
 - b. **Structuring**, namely an effort to avoid reporting by dividing transactions into transactions having smaller amount.

- c. **U Turn**, namely an effort to obscure the origin of the proceeds of crime by distorting transactions and then returning it into its original account.
- d. **Cuckoo Smurfing**, namely an effort to obscure the source of fund by transferring the funds originated from their criminal acts through an account of a third party waiting for overseas fund transfer without realizing that the fund, which he/she will receive, constitutes “proceeds of crime”.
- e. **Purchase of luxurious assets/goods**, namely hiding the ownership status of luxurious assets/goods including the transfer of assets without being detected by financial system.
- f. **Exchange of goods (barter)**, namely avoiding the appropriation of cash fund or financial instrument with the purpose of escaping the detection by financial system.
- g. **Underground Banking/Alternative Remittance Services**, namely money transfers activities through an informal mechanism conducted based on trust.
- h. **The use of a third party**, namely transactions conducted by using the identity of a third party with the purpose of avoiding detection on identity of the actual owner of the proceed
- i. **Mingling**, namely combining the proceeds of crime with the proceeds originated from legitimate business

activities with the purpose of obscuring the source of such proceeds.

- j. **The use of false identity**, namely transactions conducted by using a false identity as an effort to impede the trace of the identity and location of money laundering perpetrators.

B. Terrorism Financing

1. Terrorism financing constitutes a direct or indirect use of assets for terrorism activities. Basically, terrorism financing is a type of criminal act which is different from Criminal Act of Money Laundering (*Tindak Pidana Pencucian Uang/TPPU*). However, both acts have a similarity, namely using banking or non-banking financial services as a means to commit a criminal act.
2. Unlike TPPU, which is aimed at obscuring the origin of the assets, the criminal act of terrorism financing is aimed at supporting terrorism activities, either by using the assets constituting proceeds of crime or legitimate assets.

C. Policies on the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program

1. Anti-Money Laundering and Counter-Terrorism Financing Program is the program which must be implemented by Non-Bank Money Changer (PVA) in conducting transactions with and/or providing services to Customers and/or Beneficial Owners (old/existing customers or Walk In

Customers). The program includes, among others, the things required by Financial Action Task Force (FATF) 40 + 9 Recommendations as an effort to protect Non-Bank Money Changer (PVA) in order to prevent from being used as a means or target of crime conducted directly or indirectly by the perpetrators.

2. Customer Due Diligence (CDD) is one of the main instruments in implementing Anti-Money Laundering and Counter-Terrorism Financing Program. CDD is not only essential to support the effort to eradicate money laundering and terrorism financing, but also to implement the prudential principles. The implementation of CDD supports the protection of Non-Bank Money Changer (PVA) from various risks in Non-Bank Money Changer (PVA) business activities such as operational risks, legal risks, and reputational risks and prevent Non-Bank Money Changer (PVA) industries from being used as means or target of criminal acts, particularly money laundering and terrorism financing.
3. Enhanced Due Diligence, hereinafter referred to as EDD, is more profound CDD action conducted by Non-Bank Money Changer (PVA) when conducting transactions with and/or providing services to Customers classified as high-risk customers including politically the potential money laundering and terrorism financing.

4. In the effort to minimize the use of Non-Bank Money Changer (PVA) as a medium for money laundering and/or terrorism financing, Non-Bank Money Changer (PVA) must implement APU and PPT Program. APU and PPT Program constitute a part of risks management implementation of Non-Bank Money Changer (PVA) and at the minimum includes:
 - a. responsibility of the Board of Directors and active supervision of the Board of Commissioners;
 - b. policies and procedures;
 - c. internal control; and
 - d. human resources.
5. In implementing APU and PPT Program, Non-Bank Money Changer (PVA) must have written policies and procedures which at the minimum include:
 - a. Implementation of CDD;
 - b. Beneficial Owner;
 - c. Implementation of EDD;
 - d. Refusal to conduct a transaction;
 - e. Information and document update;
 - f. Document administration; and
 - g. Reporting to Indonesian Financial Transaction Reports and Analysis Centre (PPATK).
6. The policies and procedures above are embodied in the Implementing Guidelines on Anti-Money Laundering and Counter-Terrorism Financing Program. In order to achieve

the effective implementation of Anti-Money Laundering and Counter-Terrorism Financing Program, the Implementing Guidelines on APU and PPT Program must be communicated to all the staff as well as implemented consistently and continuously¹.

7. Non-Bank Money Changer (PVA) must submit the Implementing Policies and Procedures on Anti-Money Laundering and Counter-Terrorism Financing Program embodied in Guidelines on Anti-Money Laundering and Counter-Terrorism Financing as referred to in point 6 by no later than 30 calendar days as of the issuance of business license of Non-Bank Money Changer (PVA).

Non-Bank Money Changer (PVA) having the Implementing Guidelines on Know-Your-Customer Principles must adjust them to the Implementing Policies and Procedures on Anti-Money Laundering and Counter-Terrorism Financing Program embodied in the Guidelines on the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program as well as submit them to Bank Indonesia by no later than 12 (twelve) months following the coming into effect of Bank Indonesia Regulation Number 12/3/PBI/2010 concerning the Implementation of Anti-Money Laundering and Counter-Terrorism Financing of Non-Bank Money Changer.

CHAPTER II

MANAGEMENT

In the context of supporting the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program, attention and awareness of the Board of Directors and the Board of Commissioners are required. Therefore, the Board of Directors may appoint employees/officials of Non-Bank Money Changer (PVA) to deal with the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program. The implementation of Anti-Money Laundering and Counter-Terrorism Financing Program highly requires the responsibilities of the Board of Directors and active supervision of the Board of Commissioners to make effective implementation of Anti-Money Laundering and Counter-Terrorism Financing Program by considering that the role of the Board of Directors and the Board of Commissioners will affect the achievement level of objectives of the organization in implementing Anti-Money Laundering and Counter-Terrorism Financing Program. Moreover, the roles of the Board of Directors and the Board of Commissioners can also motivate the employees and work units to establish the culture of compliance throughout the organization.

A. Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program

Anti-Money Laundering and Counter-Terrorism Financing program shall be implemented in both the Head Office and

Branch Offices of a Non-Bank Money Changer (PVA) in accordance with the stipulated written policies and procedures.

B. Responsibilities of the Board of Directors and Active Supervision of the Board of Commissioners

1. Responsibilities of the Board of Directors of the Non-Bank Money Changer (PVA)

The responsibilities of the Board of Directors of the Non-Bank Money Changer (PVA) at least include the following:

- a. stipulating written policies on and procedures for the implementation of Anti-Money Laundering and Counter-Terrorism Financing program upon the approval of the Board of Commissioners;
- b. ensuring that the Anti-Money Laundering and Counter-Terrorism Financing program is implemented in the head office and branch offices in accordance with the stipulated written policies and procedures;
- c. adjusting the written policies on and procedures for Anti-Money Laundering and Counter-Terrorism Financing program so as to be in line with the amendments to the applicable provisions related to the implementation of Anti-Money Laundering and Counter-Terrorism Financing program;
- d. reporting Suspicious Financial Cash Transfers to PPATK;

- e. ensuring that all employees have gained the knowledge and/or received the training on the implementation of Anti-Money Laundering and Counter-Terrorism Financing program; and
- f. updating customer's profile and customer's transaction profile.

2. Active Supervision of the Board of Commissioners of the Non-Bank Money Changer (PVA)

The active supervision of the Board of Commissioners at least includes the following:

- a. giving approval to the policies on the implementation of Anti-Money Laundering and Counter-Terrorism Financing program; and
- b. monitoring the performance of responsibilities of the Board of Directors in the implementation of APU and PPT program.

C. Employees Dealing with the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program

1. Appointment of Employees Handling the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program

- a. In the event that Non-Bank Money Changer (PVA) requires employees who specifically deal with the implementation of Anti-Money Laundering and Counter-Terrorism Financing program, the Board of

Directors may appoint employees of the Non-Bank Money Changer (PVA) in the context of the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program.

- b. In the event of inadequate human resources, the employees appointed in the context of the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program may be assigned other duties concurrently.
- c. In performing his/her duties, the employees appointed in the context of the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program shall report and be responsible to the Board of Directors.
- d. Non-Bank Money Changer (PVA) having branch offices may also appoint employees in the context of the implementation of Anti-Money Laundering and Counter-Terrorism Financing program in the branch offices.

2. Main Duties

Main duties of the employees appointed to deal with the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program are as follows:

- a. monitoring the applicati
procedures for the implementation of Anti-Money

- Laundering and Counter-Terrorism Financing program;
- b. monitoring the update of Customer's profile and Customer's transaction profile;
 - c. coordinating the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program with the relevant work units related to Customer;
 - d. monitoring the suitability of the policies and procedures with the recent development of Anti-Money Laundering and Counter-Terrorism Financing Program, business activities and complexities of Non-Bank Money Changer (PVA), and transaction volume of Non-Bank Money Changer (PVA);
 - e. receiving a report on financial transactions which indicates suspicious transactions (red flag) from the relevant divisions/work units (such as teller or branch office) related to Customer;
 - f. identifying transactions meeting the criteria for suspicious transaction;
 - g. preparing a Report on Suspicious Transactions, Report on Cash Transactions and other reports as provided for in Act concerning Criminal Act of Money Laundering for submission to PPATK upon the approval of the Board of Director ;

- h. monitoring, analyzing, and recommending the need for regular and sustainable training for the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program for the employees of Non-Bank Money Changer (PVA); and
- i. acting as contact person for the competent authorities related to the policies on the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program such as, among other things, Bank Indonesia, PPATK, and Law Enforcer.

3. Requirements for the Employees Appointed to Deal with the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Program

The employees of the Non-Bank Money Changer (PVA) concerned must fulfill the following requirements:

- a. having adequate knowledge about the implementation of Anti-Money Laundering and Counter-Terrorism Financing program and other regulations; and
- b. holding authority to access all Customer data and other relevant information in the context of performance of duties.

CHAPTER III

POLICIES AND PROCEDURES

The written policies on and procedures for the implementation of Anti-Money Laundering and Counter-Terrorism Financing program shall at least include the following:

A. IMPLEMENTATION OF CUSTOMER DUE DILIGENCE (CDD)

Customer Due Diligence (CDD) constitutes activities in the form of identification, verification, and update of information conducted by Non-Bank Money Changer (PVA) so as to ensure that the transaction is in accordance with the Customer's profile. Non-Bank Money Changer (PVA) must perform the CDD procedures when:

- 1) conducting transactions with and/or providing services to Customer and/or Beneficial Owner; or
- 2) distrust the information given by Customer and/or Beneficial Owner.

While conducting transactions with and/or providing services to a Customer, Non-Bank Money Changer (PVA) must request for and record information on the Customer. The information on Customer is compared to the supporting documents containing information on the Customer. Non-Bank Money Changer (PVA) must obtain the information on whether the Customer acts for his/her own account or for and on behalf of a Beneficial Owner. If there is any distrust of the information given by the Customer and/or Beneficial Owner, Non-Bank

Money Changer (PVA) must request for other additional information from the Customer to support Customer identification.

The implementation of CDD by Non-Bank Money Changer (PVA) shall at least include the following:

1. Receipt and Request for Customer Data

The receipt and request of Customer data shall be made in accordance with the policies on and procedures for the receipt and request of Customer data, which at least include the following:

a. For Customer conducting transactions with and/or using services in the value of less than Rp100,000,000.00 (one hundred million rupiah) or its equivalent in foreign currency, the information requested shall at least include, among other things, the following information:

1) For individual Customer:

a) Customer's identity containing:

- (1) full name including alias, if any;
- (2) identity card number proven by showing the identity card; and
- (3) home address written on the identity card;

b) information on the Beneficial Owner, in the event that the Customer represents a Beneficial Owner; and

- c) value and date of the transaction.
- 2) For non-individual Customer:
 - a) name of business entity;
 - b) business license number from the competent authority;
 - c) domicile address of the business entity;
 - d) information on the Beneficial Owner, in the event that the Customer represents a Beneficial Owner; and
 - e) value and date of the transaction.
- b. For Customer conducting transactions with and/or using services in the value of Rp100,000,000.00 (one hundred million rupiah) or more or its equivalent in foreign currency, conducted in 1 (one) or several transactions in 1 (one) business day, the information shall at least include the following information:
 - 1) For individual Customer:
 - a) Customer's identity along with a copy of document containing:
 - (1) full name including alias, if any;
 - (2) Identity card number proven by showing the identity card;
 - (3) home address written on the identity card;
 - (4) the recent home address including telephone number, if any;

- (5) place and date of birth;
 - (6) nationality;
 - (7) occupation;
 - (8) gender; and
 - (9) Taxpayer Registration Number (NPWP), if any;
 - b) information on the Beneficial Owner, in the event that the Customer represents a Beneficial Owner;
 - c) value and date of the transaction;
 - d) purposes and objectives of the transaction and/or use of services; and
 - e) other information which enable Non-Bank Money Changer (PVA) to identify the Customer profile.
- 2) for non-individual Customer:
- a) identity of the business entity along with a copy of the supporting documents containing:
 - (1) name of business entity;
 - (2) business license number from the competent authority ;
 - (3) Taxpayer Registration Number (NPWP) of the business entity;
 - (4) domicile address of the business entity;

- (5) type or field of business;
- b) information on the Beneficial Owner, in the event that the Customer represents a Beneficial Owner;
- c) value and date of the transaction;
- d) purposes and objectives of the transaction and/or business relation; and
- e) other information which enable Non-Bank Money Changer (PVA) to identify the Customer profile.

2. Document Verification

- a. The authenticity of the information submitted by the Customer along with its supporting documents shall be examined by comparing them with the original supporting documents containing such information.
- b. In order to ensure the authenticity of identity of the prospective Customer, verification shall be conducted, among other things, by:
 - 1) Face-to-face meeting with the Customer when Non-Bank Money Changer (PVA) conducts the transaction and/or provides services to the relevant Customer and/or Beneficial Owner for the first time.

- 2) Comparing the Customer (identity carrier) with the picture attached on the identity card, and the signature on the transaction voucher/form and the one on the identity card.
- 3) Observing the potential irregular or suspicious matters, such as validity period of the Identity Card.

B. BENEFICIAL OWNER

The parties included in the definition of Beneficial Owner shall be:

1. Party who is the owner of fund;
2. Party who controls a transaction and/or use of services by Non-Bank Money Changer (PVA);
3. Party who grants authority to conduct a transaction and/or use the services of Non-Bank Money Changer (PVA); and/or
4. Party who controls a transaction with and/or use of services of Non-Bank Money Changer (PVA) through a business entity or an agreement.

In the event that Non-Bank Money Changer (PVA) conducts a transaction with and/or provides services to a Customer representing a Beneficial Owner, the Non-Bank Money Changer (PVA) must implement CDD to the Beneficial Owner in the same manner as CDD procedures to the Customer representing the Beneficial Owner, which at least include

1. For Beneficial Owner conducting a transaction with and/or using services in the value of less than Rp100,000,000.00 (one hundred million rupiah) or its equivalent in foreign currency, it shall at least includes the information requested on the prospective Customer as set out in point A.1.a;
2. For Beneficial Owner conducting a transaction with and/or using services in the value of Rp100,000,000.00 (one hundred million rupiah) or more or its equivalent in foreign currency, conducted in 1 (one) or several transactions in 1 (one) business day, it shall at least includes the information requested on the prospective Customer as set out in A.1.b;
3. Legal relationship between the Customer and Beneficial Owner indicated by letter of assignment, letter of agreement, power of attorney or other forms of documents.

C. IMPLEMENTATION OF ENHANCED DUE DILIGENCE AND HIGH-RISK CUSTOMERS

1. Enhanced Due Diligence

Non-Bank Money Changer (PVA) shall implement Enhanced Due Diligence (EDD) or more profound CDD actions when:

- a. conducting a transaction with and/or providing services to a Customer and/or Beneficial Owner classified as high-risk customer including Politically Exposed Person (PEP); or

- b. there is an unusual transaction alleged to be related to money laundering and/or terrorism financing.

In the event that Non-Bank Money Changer (PVA) conducting a transaction with and/or providing services to a high-risk Customer and/or Beneficial Owner including PEP or there is an unusual transaction, Non-Bank Money Changer (PVA) must implement EDD, which at least includes:

- a. information on the Customer and/or Beneficial Owner as referred to in **letter A.1.b** and **letter B**;
- b. source of fund;
- c. purposes and objectives of the transaction;
- d. reasonableness of the transaction profile; and
- e. other information on business relation with the parties related to the Customer or Beneficial Owner.

In classifying the Customers based on their level of risk, Non-Bank Money Changer (PVA) may rely on PPATK provisions on the Guidelines on the Identification of High-Risk Products, Customers, Businesses, and Countries for Financial Service Provider.

2. High-Risk Customer

The criteria for high-risk Customer in these guidelines are not only based on the Guidelines on the Identification of High-Risk Products, Customers, Businesses, and Countries for Financial Service Providers,

but also on other reference issued by the competent authorities or reference serving as international best practice. The parties classified as high-risk customers as set out in the decision of the Chairperson of PPATK Number KEP-47/1.02./PPATK/06/2008 dated June 2, 2008 are, among other things, as follows:

a. PEP, namely a person who is politically popular such as, among other things:

- 1) Head of the State or Head of Government;
- 2) Deputy Head of State or Head of Government;
- 3) Minister equivalent official;
- 4) Senior Executive of a State-Owned Company :
Director of a State-Owned Company (BUMN);
- 5) Executive and chairperson of a political party;
- 6) Senior official in the military and or police sector;
- 7) Senior official within the purview of the Supreme Court and the Attorney General's Office;
- 8) Official appointed by virtue of Presidential Decree;
- 9) Family member (spouse, parent, sibling, son/daughter, son/daughter-in-law, grandchild) of the ab
- 10) Any person excluded in the above category but due to his/her superior position in the society,

his/her significant influence, celebrity status and/or the combination of his/her positions may place Financial Service Provider (*Penyedia Jasa Keuangan*/PJK) in a risky position must be classified as high-risk customer;

- b. Employee of a government institution related to public services;
- c. Persons who stay and/or own funds originating from the countries identified by reliable sources to have inadequate standard of anti-money laundering or represent a high-level criminal act and corruption;
- d. Persons involved in the types of activities or field of business which are vulnerable to money laundering, such as employees of Financial Service Provider; and/or
- e. The parties specified in the UN list or other lists issued by international organizations as terrorists, terrorist organizations or organizations financing or collecting funds for terrorism activities.

3. High-Risk Fields of Business and Countries

Non-Bank Money Changer (PVA) also needs to observe high-risk fields of business due to its potential for being used by money laundering perpetrators. As regulated in the Guidelines on the Identification of High-Risk Products, Customers, Businesses, and Countries for

Financial Service Providers issued by PPATK, the high-risk fields of business are, among other things, are as follows:

- a. Financial services, such as money changer (PVA), money remittance;
- b. Offshore company including Financial Service Provider (PJK) located in tax and/or secrecy havens and jurisdictions which are improperly implementing the FATF recommendation;
- c. Car dealer;
- d. Travel agent;
- e. Jewelry, precious stones and precious metals trader;
- f. Export/import trading companies;
- g. Cash-based business such as minimarket, parking management services, restaurant, Public Gas Station, and mobile phone credit top-up vendor;
- h. Wholesale trader and retailer of electronic goods (particularly those within free trade areas);
- i. Lawyer, accountant or financial consultant;
- j. Antique and art dealer; and/or
- k. Property agent.

Moreover, Non-Bank Money Changer (PVA) needs to observe the countries classified as high-risks countries, among other things:

- a. Countries identified as the source and center of drug dealing;

- b. Countries identified to have a high level of corruption;
- c. Countries deemed to be the source of terrorism activities, such as those identified by Office of Foreign Asset Control (OFAC); and/or
- d. Countries subject to UN sanctions.

D. REFUSAL TO CONDUCT A TRANSACTION

Non-Bank Money Changer (PVA) must refuse to conduct a transaction with and/or providing services to a Customer, in the event that the Customer:

- a. does not provide the information requested as referred to in **letter A, letter B, and/or letter C**; and/or
- b. is found using false identity and/or giving false information.

E. INFORMATION AND DOCUMENT UPDATE

1. Non-Bank Money Changer (PVA) updates information and documents related to Customer profile and Customer transaction profile based on the result of observation on Customer information and documents in order for the identification and monitoring on suspicious transactions can be conducted effectively.
2. Customer information and documents shall be updated regularly based on the level of risk of the Customer or transaction.
3. For the purpose of monitoring the information related to Customer profile and Customer transaction profile, Non-

Bank Money Changer (PVA) must have procedures for information monitoring and updating so as to be able to identify, analyze, monitor and provide report effectively.

4. The procedures for information monitoring and updating are adjusted to the complexity, transaction volume, and risks of the Non-Bank Money Changer (PVA).
5. The monitoring activities by Non-Bank Money Changer (PVA) are conducted at a minimum through:
 - a. Monitoring on the correspondence between the transaction and the Customer transaction profile, by:
 - 1) identifying the correspondence between Customer transaction and Customer profile; and
 - 2) analyzing all transactions conducted by the Customer which are inconsistent with transaction profile of the relevant Customer.
 - b. Monitoring on the profile of the relevant Customer related the list of terrorists, by:
 - 1) Conducting a regular inspection to see whether the names of Non-Bank Money Changer (PVA) Customers have any similarities or resemblance with the names specified in the database of list of terrorists.
 - 2) In the event that there is any similarity between Customer name and the identity listed in the database of list of terrorists, Non-Bank

Money Changer (PVA) shall further check the similarity between the Customer identity and other relevant information.

- 3) In the event that there is any similarity between Customer name or similarity between other information and the name listed in the database of list of terrorists, Non-Bank Money Changer (PVA) shall include the Customer in the Report on Suspicious Transactions (*Laporan Transaksi Keuangan Mencurigakan/LTKM*) to PPATK.

- c. Sources of information which can be used for monitoring the profile of a Customer declared as a suspect or defendant related to the criminal act of money laundering and/or terrorism, among others can be obtained through:

- 1) database issued by the competent authorities such as PPATK; or
- 2) mass media, such as newspapers and magazines.

- d. Sources of information on the list of terrorists as referred to in letter b can be obtained, among other things, through:

- 1) UN website:
<http://www.un.org/sc/committees/1267/consolist.shtml>;

- 2) other sources commonly used by banks and constitute public data such as The Office of Foreign Assets Controls List (OFAC List) with the following internet website address:

<http://www.treas.gov/offices/enforcement/ofac/index.shtml>; or

- 3) the authorities such as PPATK or the Police.

F. DOCUMENT ADMINISTRATION

1. Non-Bank Money Changer (PVA) must properly administer data or documents to support corporate governance and assist the authorities in the investigation of funds indicated as originating from criminal act, if necessary.
2. The administered documents shall at least include:
 - a. documents containing identities of the Customer and Beneficial Owner as referred to in point A.1 and point B; and
 - b. documents containing transactional information which, among other things, includes types and amount of the currency used, date of transaction order, source and purpose of the transaction.
3. The period of document administration shall be as follows:
 - a. documents related to Customer and Beneficial Owner information shall be administered at least 5 (five) years as from the end of the provision of services to the Customer.

- b. documents of the Customer and Beneficial Owner related to periodical transactions regulated in Act concerning corporate documents.

G. REPORTING TO PPATK

1. Reporting Obligation

As mandated by Act Number 15 Year 2002 concerning the Criminal Act of Money Laundering as amended by Act Number 25 Year 2003, Non-Bank Money Changer (PVA) must submit reports to PPATK consisting of a Report on Suspicious Transactions and a Report on Cash Transactions.

2. Suspicious Transactions

Suspicious transactions principally contain the following elements:

- a. transactions deviating from the profile, characteristics or course of transaction pattern of the relevant Customer;
- b. transactions reasonably alleged to be conducted with the purpose of avoiding the reporting which must be made by Non-Bank Money Changer (PVA); and/or
- c. financial transactions conducted or cancelled by using assets alleged to be proceeds of crime.

In identifying the fulfillment of one or more elements of Suspicious Transactions as mentioned above, Non-Bank

Money Changer (PVA) may use the indicators of Suspicious Transactions, among other things, as follows:

- a. foreign currency sale and purchase transactions, including:
 - 1) transactions conducted in the amount beyond the customary course of Customer (for Customers who frequently conduct transactions with Non-Bank Money Changer (PVA));
 - 2) transactions conducted in a relatively small amount yet with a high frequency;
 - 3) transactions conducted by using many different names of individuals for the benefit of one particular person;
 - 4) sale and purchase of foreign currency in a relatively significant amount;
 - 5) the Customer sales traveler's cheque (TC) in a relatively significant amount;
 - 6) transactions which have no relations whatsoever with the Customer's business;
 - 7) the Customer requests for payment for the sale of foreign exchange by cheque;
 - 8) the Customer requests that the payment for the sale/purchase transferred to the relevant bank account or other parties;

- 9) the Customer requests that the payment for sale/purchase of foreign exchange be transferred to other parties;
 - 10) the Customer requests that the payment for sale/purchase of foreign exchange be paid in large denomination; and/or
 - 11) the Customer agrees to be charged with a lower exchange rate than the applicable rate.
- b. money transfer and receipt transactions including:
- 1) money transfer and/or receipt to and from a high-risk offshore financial center without any clear business reasons;
 - 2) money transfer and/or receipt conducted in a relatively small amount yet with a high frequency;
 - 3) money transfer and/or receipt in several installments in a relatively significant amount;
 - 4) money transfer and/or receipt in the same or almost similar amount and carried out in a relatively short period;
 - 5) money transfer and/or receipt to and from countries classified as high risk countries;
 - 6) money transfer and/or receipt to and from parties classified as high risk customers

c. behaviour of Non-Bank Money Changer (PVA)

Customer, including:

- 1) unusual Customer behaviour when conducting a transaction (nervous, hasten, lack of self-confident, etc.);
- 2) Customer gives false information concerning matters related to his/her identity;
- 3) Customer uses identity documents, the authenticity of which is doubted or alleged as being forged, such as different signature or different photograph ;
- 4) Customer attempts to manipulate officers of Non-Bank Money Changer (PVA) into not reporting the transaction as Suspicious Transaction in many ways; and/or
- 5) Customer objects or refuses to give information/documents requested by officers of Non-Bank Money Changer (PVA) without any clear reasons.

In the event that after the identification process of Suspicious Transactions, Non-Bank Money Changer (PVA) remains in doubt whether a transaction can be classified as Suspicious Transaction, the transaction should be reported to PPATK as Suspicious Transacti

3. Cash Transactions

Cash Transactions which must be reported by Non-Bank Money Changer (PVA) to PPATK shall be transactions meeting the following criteria:

- a. constitute receipt or payment in cash (banknotes and/or coins); and
- b. in a cumulative amount of Rp500,000,000.00 (five hundred million Rupiah) or more or its equivalent in foreign currency conducted in one or several transactions in one business day at one or several offices of a Non-Bank Money Changer (PVA).

4. Submission of Report

- a. In the event that a financial transaction has meet one or more elements or indicators as referred to in point 2, Non-Bank Money Changer (PVA) must declare it as Suspicious Transaction and report it to PPATK by no later than 3 (three) business days after the Non-Bank Money Changer (PVA) awares of the element of Suspicious Transaction.

The form of report on Suspicious Transaction refers to the provisions of PPATK.

- b. In the event that a financial transaction has met the criteria for Cash Transaction as referred to in point 3, Non-Bank Money Changer (PVA) must declare it as Cash Transaction which must be reported to PPATK.

(fourteen) business days as from the date of the transaction.

The form of report on Cash Transaction refers to the provisions of PPATK.

CHAPTER IV

INTERNAL CONTROL

In the context of the implementation of Anti-Money Laundering and Counter-Terrorism Financing program of Non-Bank Money Changer (PVA), Non-Bank Money Changer (PVA) must have and implement an internal control function so as to ensure that the implementation of Anti-Money Laundering and Counter-Terrorism Financing program has been in accordance with the stipulated policies and procedures.

Units or officials performing the internal control function must differ from the units or officials performing an operational function.

In the event that Non-Bank Money Changer (PVA) fails to establish a unit or appoint an official to specifically perform internal control function, the internal control function shall be performed by a member of the Board of Directors.

CHAPTER V

HUMAN RESOURCES AND EMPLOYEE TRAINING

A. Human Resources

1. Non-Bank Money Changer (PVA) must have adequate human resources, which possess the ability and knowledge about the implementation of Anti-Money Laundering and Counter-Terrorism Financing program.
2. Non-Bank Money Changer (PVA) must provide knowledge and/or training on a continuous basis on the implementation of Anti-Money Laundering and Counter-Terrorism Financing program to all employees.

B. Training

1. All employees must gain knowledge about the policies on, procedures for and implementation of Anti-Money Laundering and Counter-Terrorism Financing Program.
2. Certain employees, namely:
 - 1) employees directly interacting with the Customers (Customer service);
 - 2) employees performing monitoring function on the implementation of Anti-Money Laundering and Counter-Terrorism Financing Program; or
 - 3) employees conducting daily duties related to the reporting to PPATK,

must be trained regularly/continuously through seminars, workshops, trainings held by external or internal parties of Non-

Bank Money Changer (PVA) concerning the policies on,
procedures for and implementation of Anti-Money Laundering
and Counter-Terrorism Financing Program.